SFT Filings in India – Complete Compliance Guide for Businesses

Introduction

SFT Filings in India are an important compliance requirement under the Income Tax Act for reporting high-value financial transactions to tax authorities. Many businesses receive notices simply because they overlook this obligation. Therefore, understanding applicability, thresholds, deadlines, and penalties can help avoid compliance risks.

Whether you operate a private company, LLP, OPC, partnership firm, or foreign subsidiary, this guide explains everything you need to know about SFT compliance in a simple and practical way.

What is SFT Filing in India?

SFT Filings in India refer to reporting specified high-value transactions by certain entities to the Income Tax Department through **Form 61A**.

Earlier known as Annual Information Return (AIR), SFT helps authorities track suspicious or large financial activities. As a result, it improves transparency and prevents tax evasion.

Legal Framework Under the Income Tax Act

SFT reporting is governed under **Section 285BA** of the Income Tax Act, 1961. Entities responsible for reporting must submit details annually within the prescribed deadline.

You can review official compliance guidance from the Income Tax Department here: https://www.incometax.gov.in

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Applicability of SFT Filings in India

Not every business must file SFT returns. However, organizations conducting specified financial transactions exceeding thresholds must comply.

Entities Required to File SFT Returns

The following entities commonly fall under reporting obligations:

- Banks and NBFCs

- Companies issuing shares or debentures
- Registrars and property authorities
- Mutual fund trustees
- Bond issuing institutions
- Companies accepting deposits

Threshold Limits for Reporting Transactions

Examples include:

- Cash deposits above ₹10 lakh
- Property transactions above ₹30 lakh
- Credit card payments exceeding ₹1 lakh in cash
- Mutual fund investments exceeding ₹10 lakh

Therefore, tracking transaction limits is essential for compliance.

Types of Transactions Covered Under SFT Filing

Understanding reportable transactions helps businesses avoid mistakes during **SFT Filings in India**.

High-Value Cash Deposits

Banks must report large deposits made into savings or current accounts.

Purchase or Sale of Immovable Property

Transactions above ₹30 lakh require mandatory reporting.

Credit Card Payments Above Limits

Cash payments exceeding ₹1 lakh annually are reportable.

Investment in Shares, Bonds, and Mutual Funds

Large investments beyond threshold values trigger reporting obligations.

Fixed Deposit Transactions

Term deposits crossing prescribed limits must be disclosed.

Due Date for SFT Filing in India

The annual deadline for submitting **SFT Filings in India** is **31st May** of the financial year following the reporting year.

Missing the deadline may result in penalties. Therefore, timely submission is critical for businesses.

Penalties for Non-Compliance with SFT Filing

Ignoring SFT compliance can lead to serious consequences.

Late Filing Penalties

A penalty of **₹500 per day** applies until submission.

Consequences of Incorrect Reporting

Incorrect information may attract scrutiny and compliance notices.

Penalty Under Section 271FA

Failure to submit SFT returns even after notice may increase penalties up to **₹1,000 per day**.

You can review penalty provisions under CBDT notifications here:
https://www.incometaxindia.gov.in

Step-by-Step Process for Filing SFT Returns

Filing **SFT Filings in India** involves a structured process.

Step 1: Registration on Reporting Portal

Entities must register on the Income Tax Reporting Portal.

Step 2: Preparing Statement in Form 61A

Transaction data must be compiled carefully before submission.

Step 3: Uploading and Submitting SFT Return

Upload Form 61A using a valid Digital Signature Certificate (DSC).

Step 4: Correction and Validation Process

Corrections can be submitted if errors are detected after filing.

SFT Filing Requirements for Different Business Structures in India

Compliance requirements differ depending on your business structure.

Applicability for Pvt. Ltd. Company Registration

Entities formed through **Pvt. Ltd. Company Registration** must report transactions such as share issuance and deposits exceeding thresholds.

Compliance After One Person Company (OPC) Registration in India

Businesses completing **One Person Company (OPC) Registration in India** must ensure financial reporting transparency if they conduct specified transactions.

SFT Obligations for LLP Registration in India

Organizations formed via **LLP Registration in India** must report high-value investments and deposits where applicable.

Requirements for Public Limited Company in India

A **Public Limited Company in India** often falls under reporting obligations due to share capital activities and investor transactions.

Reporting Rules for Sole Proprietorship Registration in India

Businesses operating after **Sole Proprietorship Registration in India** may be required to comply if they handle reportable transactions through banking channels.

Applicability for Partnership Firm Registration in India

Entities formed through **Partnership Firm Registration in India** must monitor financial activity thresholds carefully.

SFT Compliance After Get Section 8 Company Registration

Organizations completing **Get Section 8 Company Registration** must ensure transparency in donations and investments.

Reporting Duties for Subsidiary Company Registration in India for Foreign Companies

Entities formed via **Subsidiary Company Registration in India for Foreign Companies** must maintain strict reporting compliance.

International Reporting Relevance After USA Company Registration from India

Businesses expanding through **USA Company Registration from India** should coordinate global compliance reporting requirements alongside Indian obligations.

Common Mistakes to Avoid While Filing SFT Returns

Businesses frequently make avoidable compliance errors.

Incorrect PAN Reporting

Always verify PAN details before submission.

Missing Transaction Threshold Tracking

Maintain transaction monitoring systems to prevent oversight.

Late Submission of Form 61A

Submit returns before deadlines to avoid penalties.

Documents Required for SFT Filing in India

Preparing documentation in advance simplifies compliance.

Typical requirements include:

- PAN details of reporting entity
- Transaction statements
- Financial records

- Digital Signature Certificate (DSC)
- Registration credentials on reporting portal

Benefits of Timely SFT Filing for Businesses

Timely **SFT Filings in India** provide several advantages.

Avoid Legal Penalties

Compliance prevents unnecessary financial losses.

Maintain Strong Compliance Profile

Authorities view compliant businesses more favorably.

Improve Business Credibility

Transparent reporting strengthens investor confidence.

Moreover, proper compliance reduces the risk of tax scrutiny notices.

FAQ Section

What is Form 61A in SFT filing?

Form 61A is the prescribed format used to submit **SFT Filings in India** for reporting high-value financial transactions.

Who must file SFT returns in India?

Banks, financial institutions, companies issuing securities, registrars, and certain businesses handling large transactions must file returns.

What is the due date for SFT filing?

The deadline is **31st May** following the relevant financial year.

What happens if SFT is not filed?

Late filing attracts daily penalties under Section 271FA and may trigger tax notices.

Is SFT filing mandatory for companies?

Yes, companies conducting specified high-value transactions must comply with reporting requirements.

Conclusion

Understanding **SFT Filings in India** is essential for businesses aiming to stay compliant and avoid penalties. Since reporting obligations apply across company types—including private companies, LLPs, OPCs, partnerships, and foreign subsidiaries—monitoring transaction thresholds is critical.

However, timely filing, accurate documentation, and proactive compliance planning can simplify the process significantly. Therefore, businesses should implement structured tracking systems and seek professional assistance when required to ensure seamless regulatory compliance.